The Effect of Implementing the Financial Accounting System on the Quality of Accounting Earnings: A Case Study of Selected Economic Entities Listed on the Algerian Stock Exchange (2006 – 2020).

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Abstract: The purpose of this research investigation explores how the implementation of a financial accounting framework influences the caliber of reported earnings, with a particular emphasis on earnings manipulation tactics. The research examines the earnings management activities of three Algerian Stock Exchange-listed entities from 2006 through 2020. To gauge earnings quality, the study utilizes discretionary accruals, calculated via the Kothari et al. (2005) methodology, selected for its modern applicability. Our analysis reveals that the introduction of the SCF elevates the standard of accounting earnings by curtailing earnings management, as demonstrated by a decline in discretionary accruals.

Keywords: Accounting Earnings Quality; Financial Accounting System; Discretionary Accruals**.**

1. Introduction:

Stock markets play a crucial role in financing projects and driving economic progress. As a result, most countries strive to encourage and support these markets by increasing their activity, size, and scope. Additionally, nations aim to enhance investor confidence in stock markets by ensuring the quality of traded securities.

In this context, investment and lending decisions rely on financial information regarding companies' performance, financial position, and cash flows. Undoubtedly, misinformation would adversely impact investors and lenders, potentially leading to their withdrawal from the stock market. Therefore, the quality of accounting information is paramount.

To ensure high-quality financial information, accounting practices must be grounded in robust standards with neutrally applied concepts and policies, resulting in fair and equitable financial statements. This represents the fundamental challenge facing accounting principles due to the diversity of alternatives, accounting methods, valuation techniques, and disclosure practices. This flexibility allows management to make misstatements and manipulations in application, particularly concerning accounting earnings, leading to increased levels of financial malfeasance, as evidenced by cases like Enron and WorldCom.

In the Algerian context, the implementation of a financial accounting system aligned with International Accounting Standards (IAS) was mandated by Law 07-11, which took effect in 2010. This legislation introduced the option to select from various permissible accounting policies and rely on accounting estimates and professional judgment in addressing certain issues. This marked a departure from the previous accounting framework, which prescribed more rigid accounting methods, thereby creating opportunities to influence reported earnings.

Given this backdrop, our study aims to elucidate the impact of this convergence with IAS on the quality of accounting earnings, viewed through the lens of earnings management practices

1.1 Research Problem: In light of recent developments in financial reporting in Algeria, this study aims to explore the following primary research question:

"To what extent does the implementation of the Financial Accounting System impact the quality of accounting earnings from the perspective of earnings management practices in companies listed on the Algerian stock exchange?"

To address this primary question, the following sub-questions are examined:

- Are there indicators of the prevalence of accounting earnings management practices among Algerian companies listed on the Algerian stock market during the period from 2006 to 2020?
- Are there variations in the quality of accounting earnings from the perspective of earnings management practices based on the nature of Algerian companies listed on the Algerian stock market due to the implementation of SCF?
- To what degree has the implementation of the SCF led to changes in the quality of accounting earnings from the perspective of earnings management practices in Algerian listed companies?

1.2 Hypotheses: To address the core research questions, we propose the following hypotheses:

1. During the period 2006-2010, prior to the implementation of the Financial Accounting System, Algerian companies listed on the national stock exchange did not engage in significant earnings management practices.
2. The adoption of the Financial Accounting System has not resulted in statistically significant variations in earnings quality across different sectors of Algerian listed companies, when examined through the lens of earnings management practices.
3. The introduction and implementation of the Financial Accounting System have not led to measurable changes in the quality of the accounting earnings among Algerian listed companies, as assessed by indicators of earnings management practices.

1.3 Study Objectives and Timeframe:

This research endeavor seeks to evaluate the impact of implementing the financial accounting system on the quality of reported earnings, specifically through the lens of earnings management practices, The study focuses on economic entities listed on the Algerian stock exchange from 2006 to 2020.

1.4 Methodology: Our research design incorporates a multi-faceted analytical approach:

- Analytical Descriptive Method: This approach was used to describe and analyze the data systematically.
- Comparative Study: We compared different sets of data to identify patterns and differences.
- Case Study: Specific cases were examined in detail to provide deeper insights.

And For the practical analysis, we utilized statistical software tools, including Eviews 8 and SPSS 23, to process and analyze the data.

1.5 Research Population and Sample Selection: The research focused on three joint-stock companies from the Algerian stock market.

Table 01: Study Companies

No	Company Details	Sector & Capital	URL
01	CHAINE ELAURASSI Capital bond	Hotels 1500.000.000 DA	www.el-aurassi.com
02	NCA ROUIBA Capital bond	Food industries 849.195.000 DA	www.rouiba.com.dz
03	GROUPE SAIDAL Capital bond	Pharmaceutics 2500.000.000 AD	www.saidalgroup.dz

Source: by the authors based on the Algiers Stock Exchange

2. Theoretical Framework of the Study: Accounting Earnings Quality and Financial Accounting System: Analyzing the Relationship through Earnings Management Practices

2.1 The concepts of the accounting earnings quality: Concepts of Accounting Earnings Quality: A Multifaceted Perspective

The concept of earnings quality has been a focal point in financial reporting research, with numerous studies exploring its definition through the lens of earnings management practices. This analysis presents various perspectives on earnings quality from prominent researchers in the field.

Defining Earnings Quality:

1. Schipper & Vincent (2003): These authors posit that earnings are of low quality when deliberately manipulated by management during the financial statement preparation process to achieve specific profit targets (Farinha & Moreira, 2007, p. 12).
2. Gregory (2014): This perspective defines accounting earnings quality as the reported earnings that accurately reflect the reality of financial processes and the economic essence of operational activities, without management intervention (Gregory V. Waymire, 2014, p. 15).
3. Hassanzadeh et al. (2013): These researchers view earnings quality as the difference between reported accounting earnings and true economic earnings that reflect the company's real value. They attribute this difference to the application of accepted accounting standards, which may be influenced by management estimates and judgments (Sayed Abdolhassan Hassanzaeh, 2013, pp. 151-152.).
4. Islam Saleh et al. (2020): This definition characterizes high-quality earnings as monetary flows and returns that exceed required levels, emphasizing their ability to predict future earnings. On the other hand Chen et al. (2015): This perspective focuses

on the ability of published earnings in financial statements to forecast future earnings, as opposed to actual earnings (chen, Duh, Hsu, & Pan, 2015, pp. 61-74).

Implications for Financial Analysis and Decision-Making:

Earnings quality serves as a critical factor in numerous economic decisions. It provides a key indicator for investment choices, aids analysts in accurate forecasting, and assists creditors in assessing a company's financial health and creditworthiness. The management board plays a pivotal role in determining reported earnings, significantly impacting various stakeholders, including investors and shareholders. Management's influence extends to subjective judgments and estimates in financial reporting, which can potentially be used to maximize profits, sometimes at the expense of other stakeholders' interests. (Shagan & Ronak, 2023, p. 1262).

Understanding earnings quality is essential for interpreting financial statements and making informed economic decisions. As financial markets evolve, the importance of transparent and high-quality earnings reporting continues to grow, emphasizing the need for robust accounting standards and effective corporate governance mechanisms. This multifaceted approach to defining and understanding earnings quality underscores its significance in modern financial practice and theory, highlighting the ongoing debate and research in this critical area of accounting and finance.

2.2 The Significance of Accounting Earnings Quality:

Accounting earnings quality is crucial in the financial world, benefiting various stakeholders: (Nahed, 2019, p. 118):

1. Investment Decisions: It assists investors in evaluating the company's performance and making informed investment choices.
2. Future Earnings Prediction: It aids in predicting future earnings and assessing investment risks.
3. Credit Risk Assessment: It allows borrowers to evaluate the company's ability to repay its debts and determine the conditions of the loans provided.
4. Management Evaluation: It helps management assess the effectiveness of its strategies and departmental performance, leading to improved outcomes and increased earnings.

These aspects highlight the critical role that high-quality accounting earnings play in ensuring accurate financial reporting and effective decision-making across the financial landscape.

2.3 Earnings Quality and the Financial Accounting System: An Earnings Management Perspective

The accrual basis, also referred to as commitment accounting, is a cornerstone of the financial accounting system. It depends on numerous estimates that affect reported earnings, which can be manipulated, thereby impacting the quality of earnings. In this context, Article 02 of Executive Decree 08-156, which implements the provisions of Law 07-11, stipulates that accounting for the effects of transactions and other events should be based on the accrual basis when these transactions occur and are recorded in the financial statements of previous years. Similarly, Article 34 mandates that after calculating the results, a summary of costs and earnings must be prepared without considering the timing of cash receipts or payments, thereby presenting the net result of the financial year through subtraction (official gazette of the Algerian republic, pp. 11-14).

The accrual basis is the method used to record transactions and other events without considering the receipt or payment of cash. In other words, it records transactions retrospectively, capturing their economic impact as they occur rather than when cash is exchanged (Jabi & Meliani, 2017, p. 138). The accrual basis is essential for the preparation of financial statements. It grants management the flexibility to select accounting policies, enabling them to influence reported earnings through personal estimates, such as those related to inventory and debt valuations. This flexibility inherently offers numerous opportunities for manipulating financial data and earnings (Jabi & Meliani, 2017, p. 140). The accrual basis serves as a vital tool in studies focused on identifying and evaluating earnings management practices. This accounting methodology encompasses the recognition of both financial and non-financial events at the time of their occurrence, irrespective of cash transactions. It necessitates the acknowledgment of revenues, asset appreciation, expenses, and liabilities as prospective receivables or payables, thereby offering a more comprehensive portrayal of an organization's financial standing and performance across time periods (Jassem, 2005, p. 453).

3. Empirical Study: Evaluating the Influence of SCF Implementation on Earnings Quality from an Earnings Management Perspective in Algerian Listed Firms:

3.1 Study Variables: The study investigates the relationship between two primary variables within Algerian listed companies:

3.1.1 Dependent Variable: Accounting Earnings Quality

To assess the quality of accounting earnings from the perspective of the earnings management, we utilized discretionary accruals, considering the various business environments. The measurement of these accruals will be conducted using the model developed by Kothari et al. (2005).

3.1.2 Independent Variable: Financial Accounting System Implementation

The independent variable is the degree of adherence to the financial accounting system by Algerian companies. This was measured using a trichotomous scale::

1. Value 01: Represents the pre-implementation period (2006-2010).
2. Value 02: Denotes the initial implementation phase (2011-2015).
3. Value 03: Signifies the mature implementation phase (2016-2020).

This method allows for a detailed analysis of the system's impact over time. Literature suggests that adopting international financial reporting standards can have both positive and negative effects on accounting earnings quality concerning earnings management practices.

3.2 Analysis of Discretionary Accruals and Hypotheses

3.2.1 Results for the 1st hypothesis:

3.2.1.1 Descriptive statistics for the 1st hypothesis:

The analysis examines discretionary accruals and tests the first hypothesis by calculating the arithmetic mean of absolute discretionary accruals for each period before and after implementing the financial accounting system. Companies are classified into high and low earnings groups based on whether their accruals exceed or fall below the mean. This method provides a clear evaluation of the impact of earnings management practices on earnings quality.

Table 02: Frequencies and Percentages of Companies Engaging in Earnings Management vs. Non-Engaging Companies

Source		Companies Engaging in EM		Companies Not Engaging in EM		Total	
		Freq.	pct.	Freq.	pct.	Freq.	pct.
SCF	Before SCF	9	%60	6	%40	15	%100
	During SCF	5	%33.33	10	%66.67	15	%100
	After SCF	6	%40	9	%60	15	%100

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Entire Study Period	20	%44.44	25	%55.56	45	%100

Source: by the authors using SPSS software

The statistical analysis examines the impact of implementing a financial accounting system on companies. Before application, 60% of companies practiced the system, which decreased to 33.33% during implementation and slightly recovered to 40% afterward. Overall, 44.44% of companies practiced the system throughout the study period, while 55.56% did not.

3.2.1.2 Inferential statistics for the 1st hypothesis:

The content outlines the use of a binomial test to confirm the prevalence of earnings management practices in the Algerian business environment.

Table 03: Binomial Test Results on the Prevalence of Earnings Management Practices in Algerian Economic Firms

Source			N	Observed proportion	Proportion test	p-value (sig)
The accounting earnings management practices	Group 01	Companies Engaging in Earnings Management	20	40%	20	0.000
	Group 02	Companies Not Engaging in Earnings Management	25	60%		
	Total		45	100%		

Source: by the authors using SPSS software

The table illustrates the findings of a binomial test aimed at assessing the prevalence of earnings management practices among Algerian economic firms. Group 01, which includes companies that engage in earnings management, shows an observed proportion of 40%. Conversely, Group 02, composed of companies that do not engage in these practices, displays a higher observed proportion of 60%. The exact p-value for the practicing group is 0.000, indicating a statistically significant difference. These results suggest that earnings management practices are significantly present in a considerable portion of Algerian companies.

3.2.2 Results for the 2nd hypothesis:

3.2.2.1 Descriptive statistics for the 2nd hypothesis:

The statistical analysis of discretionary accruals for for three Algerian companies: GROUPE SAIDAL, CHAINE ELAURASSI, and NCA ROUIBA. The analysis employs key statistical measures, including the arithmetic mean (μ) and standard deviation (σ), to evaluate the quality of accounting earnings from the perspective of earnings management practices

Table 04: Statistical Analysis of Discretionary Accruals

Entity	Mean (μ)	Standard Deviation (σ)	Coefficient of Variation (CV = σ/μ)
CHAINE ELAURASSI	0.059	0.033	0.559
NCA ROUIBA	0.097	0.083	0.856
GROUPE SAIDAL	0.052	0.035	0.673

Source: by the authors using SPSS software

. The statistical analysis of discretionary accruals provides insightful interpretations of earnings quality across the three Algerian companies studied.

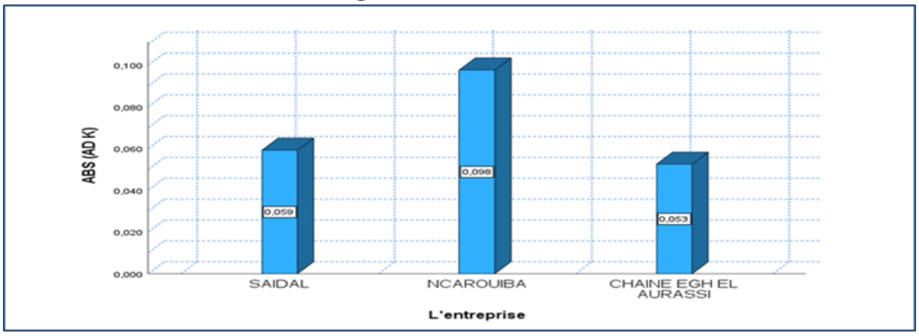
For CHAINE ELAURASSI, the calculated mean (μ) is 0.059 with a standard deviation (σ) of 0.033, resulting in a coefficient of variation (CV = σ/μ) of 0.559. This indicates a relatively stable earnings quality, characterized by minimal dispersion around the mean.

In contrast, NCA ROUIBA exhibits a mean of 0.097 and a higher standard deviation of 0.083, yielding a (CV = σ/μ) of 0.856. This suggests considerable variability in discretionary accruals and implies a greater propensity for earnings management within this entity.

Finally, GROUPE SAIDAL presents a mean of 0.052 and a standard deviation of 0.035, resulting in a (CV = σ/μ) of 0.673, which reflects a conservative approach to earnings management with low volatility.

Overall, the observations reveal significant convergence in the mean discretionary accruals between GROUPE SAIDAL and CHAINE ELAURASSI, indicating consistent earnings quality. However, NCA ROUIBA's higher variability signifies a potentially aggressive stance towards earnings management practices.

Figure 01: Comparative Analysis of Earnings Quality Metrics for Companies Listed on the Algerian Stock Market



Source: by the authors using SPSS software

3.2.2.2 Inferential statistics for the 2nd hypothesis: To test the hypothesis, we used ANOVA test.

The ANOVA test results reveal an F-statistic of 2.837 suggests that the model explains some of the variability in the data. A higher F-value typically indicates a better-fitting model, A p-value of 0.070 suggests that there is a 7% chance that the observed results are due to random variation. Generally, a p-value less than 0.05 is considered statistically significant. In this case, the p-value is above 0.05, indicating that the model is not statistically significant at the conventional 5% level.

Table 05: ANOVA Results Using Kothari Model

Model	Source	Sum of squares	Degrees of Freedom (df)	mean squares	F-Statistic	p-value (sig)
Kothari model	Regression	0.018	2	0.009	2.837	0.070
	Residuals	0.132	42	0.003		
	Total	0.150	44	-		

Source: by the authors using SPSS software.

Consequently, we accept the null hypothesis, indicating no significant differences in the quality of accounting earnings among the economic companies listed on the Algerian stock market.

To ensure the accuracy of the ANOVA test, it is crucial that the data are quantitative and independent. Additionally, we will validate the normal distribution of the data using the Kolmogorov-Smirnov test to confirm that the assumptions for ANOVA are appropriately met.

Table 06: Kolmogorov-Smirnov Test Results for Accounting Earnings Quality by Company

Entity	Kolmogorov-Smirnov		
	Test Statistic	Degrees of Freedom	p-value
SAIDAL	0.175	15	0.200
ROUIBA	0.230	15	0.031
AL AURASSI	0.200	15	0.107

Source: by the authors using SPSS software

The distributions of data for the companies SAIDAL, ROUIBA, and AL AURASSI were comprehensively evaluated using the Kolmogorov-Smirnov (K-S) test. The null hypothesis posits that the data related to the quality of accounting earnings follow a normal distribution, while the alternative hypothesis challenges this assumption. A p-value greater than 5% (0.05) supports the null hypothesis; conversely, a p-value below this threshold leads to its rejection.

For SAIDAL, the K-S test yielded a statistic of 0.175 with a p-value of 0.200. This result indicates that we fail to reject the null hypothesis, suggesting that the data on the quality of accounting earnings for SAIDAL align well with a normal distribution, reflecting reliability in reporting and stability in earnings.

In contrast, the analysis for ROUIBA showed a K-S statistic of 0.230 and a p-value of 0.031. Here, the low significance value leads to the rejection of the null hypothesis, indicating that the data on the quality of accounting earnings for ROUIBA do not conform to a normal distribution. This raises significant questions about the integrity and stability of the reported earnings.

For AL AURASSI, the K-S statistic was measured at 0.200 with a p-value of 0.107. Although this value remains above the critical threshold of 0.05, it suggests marginal conformity with the normal distribution, implying that the data may not deviate significantly from normality but may still be influenced by certain factors affecting the reliability of the quality of earnings.

Table 07: Levene's Test Results

Levene test				
model	F-statistic	df1	df2	p-value
Kothari model	10.022	2	42	0.001

Source: by the authors using SPSS software

The Levene's test results for the Kothari model show an F-statistic of 10.022 with degrees of freedom df1 = 2 and df2 = 42. The associated p-value is 0.001, which is substantially lower than the conventional threshold of 0.05. Given that the p-value (0.001) is less than 0.05, we reject the null hypothesis. This indicates significant differences in variances among the groups analyzed in the Kothari model. In other words, the variances are not homogeneous.

Given the observed heteroscedasticity, it is imperative to pivot towards robust statistical methodologies that can effectively handle non-uniform variance structures. The Kruskal-Wallis H test emerges as a particularly apt choice in this scenario. As a non-parametric alternative to one-way ANOVA, this rank-based test circumvents the stringent assumptions of normality and homogeneity of variances inherent in parametric approaches, By employing the Kruskal-Wallis test, we can conduct a more nuanced analysis of the differences in accounting earnings quality across groups.

Table 08: Kruskal-Wallis Test Results on the Differences in the Quality of Earnings According to the Nature of Companies Listed on the Algerian Stock Market

Model of Measuring Discretionary Accruals	Company	Mean Rank of Accounting Earnings Quality	Kruskal-Wallis	
			Test Statistic (U)	p-value
Kothari model	SAIDAL	23.07	2.051	0.359
	ROUIBA	26.40		
	AL AURASSI	19.53		

Source: by the authors using SPSS software

The Kruskal-Wallis test was conducted to assess differences in the quality of accounting earnings among three companies listed on the Algerian stock market: GROUPE SAIDAL, NCA ROUIBA, and CHAINE AL AURASSI. The mean ranks for these companies were 23.07, 26.40, and 19.53, respectively. The test statistic was 2.051, with a p-value of 0.359, which is above the conventional threshold of 0.05. Therefore, we fail to reject the null hypothesis, indicating no statistically significant differences in the quality of the accounting earnings among these companies. This suggests that the nature of these companies does not significantly impact the quality of their reported earnings.

3.2.3 Results for the 3rd hypothesis:

3.2.3.1 Descriptive statistics for the 3rd hypothesis:

In our research, we operationalized the dependent variable, accounting earnings quality, by using the absolute value of discretionary accruals. This method focuses on the extent of managerial intervention in financial reporting, irrespective of whether the accruals increase or decrease income. It enables us to analyze trends in discretionary accruals before and after the implementation of the Financial Accounting System (SCF).

Table 09: Descriptive Statistics of Accounting Earnings Quality for Companies Listed on the Algerian Stock Market Post-Implementation of the Financial Accounting System

Source		Mean Absolute Discretionary Accruals		
		Arithmetic mean	Standard deviation	Views
Accounting earnings quality	Before SCF	0.114	0.710	15
	During SCF	0.045	0.027	15
	After SCF	0.049	0.041	15

Source: by the authors using SPSS software

The data provided in the table outlines the mean absolute discretionary accruals for accounting earnings quality across three periods: before, during, and after the implementation of the SCF. The arithmetic means indicate a notable reduction in discretionary accruals.

- **Before SCF implementation**: Mean accruals were 0.114 with a standard deviation of 0.710.
- **During SCF implementation**: Mean accruals dropped to 0.045 with a standard deviation of 0.027.
- **After SCF implementation**: Mean accruals slightly increased to 0.049 with a standard deviation of 0.041.

These statistics provide insights into the variability and central tendency of discretionary accruals across different periods, reflecting changes in the quality of accounting earnings in response to the implementation of the SCF.

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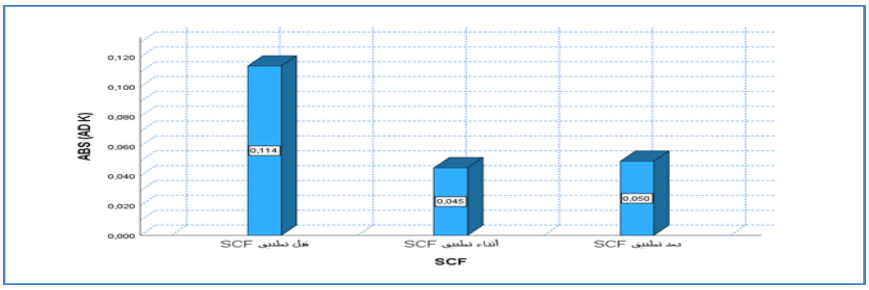
Figure 02: The Arithmetic Mean of Accounting Earnings Quality Post-Implementation of the SCF



Source: by the authors using SPSS software

1.2.3.2 Inferential statistics for the 3rd hypothesis:

To validate the descriptive statistics, we use a one-way ANOVA to examine the impact of (SCF) implementation on earnings quality. The independent variable (SCF implementation) is analyzed across three levels: Pre-SCF implementation (dummy value: 1), During SCF implementation (dummy value: 2), Post-SCF implementation (dummy value: 3).

Table 10: ANOVA Results Using Kothari Model

Model	Source	Sum of squares	Degree of freedom	Squares mean	F-statistic	Significance (p-value)
Kothari model	Regression	0.044	2	0.022	8.803	0.001
	Residuals	0.105	42	0.003		
	Total	0.150	44	-		

Source: by the authors using SPSS software

The ANOVA results reveal a significant impact of the Financial Accounting System (SCF) on the quality of accounting earnings for companies listed on the Algerian stock market. With an F-statistic of 8.803 and p-value of 0.001, we reject the null hypothesis, confirming significant differences in earnings quality due to SCF implementation.

The independent and quantitative nature of the data samples meets the necessary conditions for conducting ANOVA, ensuring the robustness of the findings. The regression analysis highlights that SCF implementation plays a crucial role in enhancing earnings quality, reflecting changes in accounting practices.

Future steps will include testing the normality of the data distribution using the Kolmogorov-Smirnov test to further validate these results. Overall, these insights are vital for stakeholders in understanding the effects of regulatory changes on financial reporting practices.

Table 11: Kolmogorov-Smirnov Test Results for Accounting Earnings Quality in Algerian Listed Companies Pre- and Post-Implementation of the SCF

Source		Kolmogorov-Smirnov		
		Test Statisti	(df)	p-value (Sig)
The quality of the accounting earnings	Pre-implementation SCF	0.203	15	0.096
	During implémentation SCF	0.121	15	0.200
	Post-implémentation SCF	0.130	15	0.200

Source: by the authors using SPSS software

The table presents the results of the Kolmogorov-Smirnov (K-S) test:

Pre-SCF implementation, the K-S statistic is 0.203 with a (Sig) of 0.096. During SCF implementation, the K-S statistic decreases to 0.121 with a (Sig) of 0.200. Post-implementation, the K-S statistic slightly increases to 0.130, maintaining a (Sig) of 0.200. Notably, all p-value (Sig) exceed the conventional threshold of 0.05.

These results consistently indicate that the earnings quality data adheres to a normal distribution across all three periods. This finding is crucial as it validates the assumption of normality, a key prerequisite for many parametric statistical tests. The maintenance of normality throughout the SCF implementation process suggests that the regulatory changes did not introduce significant distortions in the distribution of earnings quality data.

The consistency in normality across periods also implies that any observed changes in earnings quality can be attributed to the SCF implementation rather than to shifts in the underlying data distribution.

Table 12: Levene Test Results for Accounting Earnings Quality

1				
Source	F-ratio	df1	df2	p-value (Sig)
The accounting earnings quality	6.459	2	42	0.054

Source: by the authors using SPSS software

The table shows that the test value is 6.459 at (Sig)= 0.054, which is more than 0.05. Thus, the variance is heterogeneous. Since the data follow the natural distribution, the results of this test are reliable. Besides, since there are differences between the means of the three groups due to the application of the accounting financial system, two means, at least, are not equal. To test the significance of the difference between each pair of groups, we use Tamhane test to show the difference in the accounting earnings quality between the groups due to the use of the financial accounting system.

Table 13: Tamhane Test Results

Source		Mean Difference of the earnings quality	p-values (Sig)	Statistical Significance
I	J			
pre-SCF	During SFC	0.0685	0.008	Significant
	post-SCF	0.0641	0.018	Significant

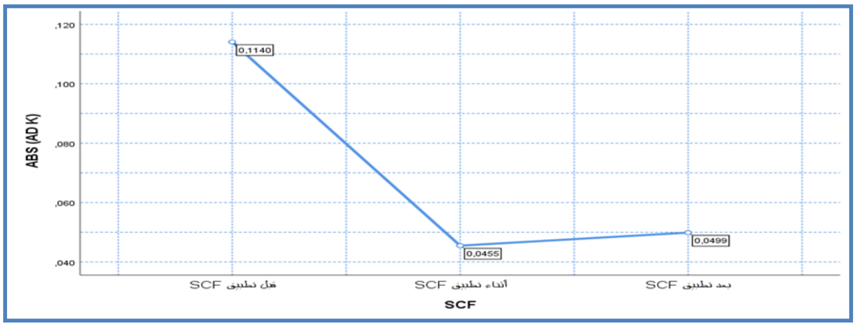
Source: by the authors using SPSS software

The Tamhane post-hoc test results reveal significant differences in accounting earnings quality across various periods associated with the implementation of the (SCF). The analysis shows positive mean differences for both comparisons: pre-SCF to during SCF and pre-SCF to post-SCF, indicating an improvement in earnings quality during and after the SCF implementation. Specifically:

- The mean difference between pre-SCF and during SCF is 0.0685 with a (Sig) of 0.008.
- The mean difference between pre-SCF and post-SCF is 0.0641 with a (Sig) of 0.018.

Both (Sig) are below the 0.05 threshold, confirming statistical significance. These results suggest that the changes in accounting practices brought about by the SCF have positively impacted earnings quality. Overall, the findings underscore the effectiveness of the SCF in enhancing financial reporting standards among Algerian companies.

Figure 03: Increase in Accounting Earnings Quality Following Financial Accounting System Implementation



Source: by the authors using SPSS software

4. Conclusion:

This study examined the effects of implementing the SCF on accounting earnings quality, with a particular focus on earnings management practices among three publicly traded companies on the Algerian stock exchange from 2006 to 2020. The empirical findings revealed the presence of earnings management, albeit with a majority of firms abstaining from such practices, suggesting a constrained environment for earnings manipulation.

Consequently, we reject the null hypothesis, which posits no evidence of earnings management in these companies, and accept the alternative hypothesis that suggests the presence of such practices..

Descriptive statistical analysis demonstrated a notable convergence in arithmetic means and minimal dispersion of earnings quality metrics between GROUPE SAIDAL and CHAINE AL AURASSI, contrasting with ROUIBA NCA. This pattern suggests that the nature of the company's operations does not significantly influence accounting earnings quality among firms listed on the Algerian stock market.

Post-implementation of the financial accounting system, we observed a decrease in the arithmetic mean of discretionary accruals, indicating an enhancement in earnings quality. This period also exhibited reduced variability in earnings management practices, as evidenced by a lower standard deviation in discretionary accruals. The analysis of variance yielded an F-statistic of 8.803 with a p-value of 0.001, falling below the 0.05 significance threshold. These results support the rejection of the null hypothesis in favor of the alternative hypothesis, confirming significant differences in earnings quality levels following the system's implementation. The research made the following recommendations

- Accelerate the development of the Algerian stock market to enhance financial disclosure quality in line with the securities board's recommendations, thereby improving accounting practices and curbing earnings management.
- Review the suitability of accounting standards in the Algerian context and establish a dedicated committee to oversee the implementation of the financial accounting system. This committee should also monitor IAS developments to adapt them to the Algerian environment and devise strategies to prevent improper financial reporting practices.
- Encourage academics to develop models for measuring earnings quality from the perspective of earnings management, leveraging the flexibility inherent in accounting standards.

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